

The Weather

Today: Increasing cloudiness. High in the upper 90s. Low near 55. Chance of rain 10 percent. Friday: Partly cloudy. High in the mid 60s. Yesterday: 3 p.m. AQI 34. Temp range: 57-67. Details are on Page C2.

The Washington Post

FINAL

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The Inflation Front

Tokyo Ends Dollar Support

By William Chapman
Washington Post Staff Writer

TOKYO—The dollar took on all its weight as the Bank of Japan bowed out of the market and announced it had abandoned its effort to support the U.S. currency.

The dollar fell nearly 9 cents during heavy trading, opening at 225 yen and closing at 221 1/2.

The unusually sharp decline was attributed to the absence of buying by the government bank, which had been absorbing large amounts of dollars all week in a vain attempt to turn the tide.

In New York, the dollar slumped

some 10 cents against the yen in late trading yesterday. It moved fractionally in Europe in quiet trading.

After the Tokyo exchange closed yesterday afternoon, the bank's governor, Tetsuro Moriguchi, told reporters it would no longer intervene in the market and would let supply and demand determine the value of the yen and other currencies.

He acknowledged that the central bank's large-scale intervention this week had not stopped the dollar's slide.

The dollar has slumped to a new low every day this week, continuing a decline that has reduced its value by

See DOLLAR, A1, Col. 1

U.S. Steel Sets Price Rise

By James L. Rowe Jr.
Washington Post Staff Writer

U.S. Steel Corp., the nation's largest steel maker, announced yesterday that it will raise prices 22 percent Saturday on all steel products to cover the increased costs of the new nationwide coal contract.

The administration immediately attacked the increase, calling it much more than can be explained by the higher cost of coal as a result of the recent settlement between the coal industry and the United Mine Workers of America.

The Council on Wage and Price Stability said that, according to its calculations, steel production costs would

be raised by \$4 a ton by the third year of the new coal pact.

The increase U.S. Steel announced yesterday was \$10.50 on every ton of steel it makes.

Coal is a key ingredient in steel making.

The U.S. Steel announcement, which follows a 5.5 percent steel price increase last month, comes at a time when inflation appears to be heating up and the president's advisers are telling him he must act to rein in prices or accept some painful political and economic consequences.

Carter announced a sketchy anti-inflation program last January, relying

See STEEL, A5, Col. 1

U.S. Pay Raise Limit Eyed

By Mike Causey
Washington Post Staff Writer

Carter administration officials formally notified federal union leaders yesterday that the White House may decide to hold this October's pay raise for federal workers below 5.5 percent as the start of a nationwide anti-inflation campaign.

Such a raise would be significantly less than what the 3.5 million white collar and military personnel had been expecting.

When Carter returns next month from his trip to South America and Africa, top administration economic planners said, he is expected to ask private industry and labor to follow

the federal government's example and voluntarily hold wage and price increases this year below the average for 1976 and 1977.

Federal and military salaries constitute the largest payroll in the country and the only one the Carter administration can control directly. Congress can overrule the president's final decision on the federal pay raise, but administration sources said they doubt Congress would do so. This is an election year and members of Congress would get the same pay raises as other federal workers.

Salaries of federal employees, including more than 300,000 white collar

See PAY, A1, Col. 1

White House Unveils Farm Income Plan

By J. Morgan Kousser
Washington Post Staff Writer

The Carter administration yesterday announced its first significant concession to demonstrate farmers—a series of steps that it claimed would raise farm income by \$1 billion to \$1.5 billion a year without having any measurable impact on food prices.

A statement released by Vice President Mondale at the White House also declared that the president would veto a more expensive Senate-passed farm bill, termed "ill-conceived, shortsighted and unworkable."

With House and Senate conferees scheduled to take up that legislation Monday, the stage was set for a confrontation over aid to farmers.

Agriculture Secretary Bob Bergland denied yesterday that the administration was bowing to pressure in its new announcement. However, he acknowledged that even as the administration acted this week, grain prices were rising on their own.

Asked what had happened to make the administration go back on its earlier refusal to submit to the



Prime Minister Bériz gestures as he talks in parliament with Lutz Weitzman, left, and Moshe Dayan, right.

Brazil Gives Carter Polite, Cool Welcome

By Edward Walsh and Robert Heuser
Washington Post Staff Writers

BRASILIA—President Carter received a somewhat chilly reception here yesterday after the second stop of his four-nation Third World tour.

In welcoming speeches by Carter and Brazilian President Ernesto Geisel, the emphasis was on friendship and respect, qualities that the Brazilians feel have been lacking in their recent contacts with the United States.

Carter, who first traveled here years ago as president of Georgia, called for a willingness by both countries to "recognize our own limitations, and to speak to each other frankly and with understanding."

The president recognized Brazil as a "truly great power" that has "earned the admiration of people everywhere in the world, but nowhere more so than in the United States."

In a brief welcoming statement, Gen. Geisel said he "will be very happy if this visit can contribute to forming a fair opinion on the Brazilian reality."

The presidential entourage arrived here from Caracas.

help. No one knows if it can be back one more time.

For a six-week period and a side longer massive amounts of acid wastes from abandoned coal mines in West Virginia have poured into the tributaries of the Monongahela. The river, normally able to neutralize an occasional discharge of acid, has been soaked with too much for too long.

At least 10 miles and perhaps more of a river, destroyed. The riverbed is now a point from a point north of the West Virginia-Pennsylvania line to a point two miles south of Brownsville, Pa. Even the tributaries of the river below Monongahela have polluted much of the bed.

Fish, the hundreds have been killed. Water treatment plants are struggling to make river water usable. Towns along the Monongahela that had planned to catch up in July the rebirth of the river now are wondering if those festivities would be as large.

It's too early to pass the blame.

you're not at all to be a black and something like this happens and knocks the kids right out from under a. Says Jim Ansel, who oversees part of the Monongahela as a waterways administrator for the Pennsylvania Fish Commission in Fayette County. Late in January, acid wastes began pouring into the stream that feeds the Monongahela, the river, and the Cheat river. The cause is unknown, the source is unknown, the effect is no doubt.

Right now, the thing is, the river has to be cleaned. There's nothing else we can do. As then, the river of the West Virginia Department of Natural Resources.

you know how long something like this will continue. It's a nightmare. It could be several weeks to a matter of months.

An irony is that when these acid spills occur, a lot of life and may have occurred here. It's in the past. However, because the river was so dirty, the life was not there.

CIA Infiltrated Black Groups In Washington During the '60s

CIA, From A1

The Rockefeller Commission noted in its report in 1975 that "the agency's infiltration of dissent groups in the Washington area went far beyond steps necessary to protect the agency's own facilities, personnel and operations and therefore exceeded the CIA's statutory authority."

In its report a year later the Senate committee said the surveillance "illustrated fundamental weaknesses and contradictions in the statutory definition of CIA authority."

Neither report indicated the extent of the CIA's surveillance of black groups or the disavowal of any threat they posed.

Protective surveillance was allowed under federal law at the time and is still allowed under the presidential order regulating the U.S. intelligence community signed by President Carter. Legislation proposed by the Senate Intelligence Committee would limit protective surveillance in the future to the immediate vicinity of CIA facilities.

Among the documents released by the CIA was one analysis prepared by the intelligence agency for the head of its special activities division, which was overseeing the Merrimack and Resistance projects.

The document, which was prepared in January 1969, cites source material gathered from local, state and federal governmental agencies as well as news reports to conclude that they "do not indicate that CIA and/or its personnel and installations are considered at this time to be a primary or sole target by any of the numerous black militant organizations or by individual black activists."

Another 1967 CIA memorandum whose contents were made available to The Washington Post notes that growing hostility toward the CIA by some black power groups at the time posed "a new threat to its operations abroad and its image in the United States."

The memo does not mention any threat to CIA property or personnel by the groups, but notes that the agency had compiled lists of black

militants and organizations "who it must be at our official concern."

Nevertheless, the CIA cited potential threats to its property and operations as the reason for increased surveillance and infiltration in the late 1960s of his groups.

The name of the CIA's domestic surveillance was spelled out in a 1968 memorandum on "Project Hostile" by George C. Mead, a CIA official in charge of the intelligence agency's West Coast domestic relations.

While the original purpose of the project, which was to gather information in support of our recruitment, seems to have developed into a desire to gather as much information as possible regarding to racial, student and subversive organizations," the report wrote, "obviously we are only scratching the surface generally in this effort at the present time."

Officials of the District school system said yesterday they were not aware of any CIA informer on the staff.

Former school board member Charles Cassell, who is named in one report by the informer as being active during a period of turmoil in several schools, said yesterday he was not surprised by the penetration of the CIA into the local school system.

"I wouldn't be surprised at this point to hear they had informants anywhere," said Cassell. "I'm honored to be in the company of many people I respect and admire who are in their files."

13-Year-Old Kite Flyer Gets Scorched Underwear

ALLIANCE, Neb. (UPI) — Aside from scorched underwear and a few blisters, 13-year-old Mark Best escaped serious injury this week when his kite's metal wire touched a live electrical wire.

The wire used for the kite string apparently was discarded by a manufacturing plant that had started a campaign at local schools to warn children of the dangers of using metal wire to fly kites.



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